

Bryce Yokomizo  
Director

May 13, 2002

TO: Each Supervisor



FROM: Bryce Yokomizo, Director

**SUBJECT: STATE AND FEDERAL CalWORKs FUNDING - LEGISLATIVE EFFORTS AND DEVELOPMENTS DURING APRIL 2002**

As instructed by your Board on January 15, 2002, this is to provide you with a report on legislative efforts and/or developments regarding State and Federal funding for the CalWORKs program for the month of April 2002:

#### **State Funding**

##### Fiscal Year (FY) 2002-03 Single Allocation

On April 3, 2002, the Assembly Budget Sub-Committee #1 on Health and Human Services adopted the County Welfare Directors' Association (CWDA) proposal for addressing the CalWORKs employment services equity issue by increasing employment services funding statewide by \$145 million above the level proposed by the Governor. This proposal would increase Los Angeles County's employment services allocation by \$73 million. In addition, the Sub-Committee rejected the Governor's proposals to create a new CalWORKs Program Grant by adding CalWORKs Substance Abuse, CalWORKs Mental Health, and TANF Juvenile Assessment/Treatment Facilities and Probation Camp funding to the County Single Allocation and hold back five percent of the grant to cover a potential increase in State costs for CalWORKs aid payments.

On April 11, 2002, I met with Ms. Rita Saenz, Director of the California Department of Social Services, and requested an upward adjustment for FY 2002/03 for CalWORKs Administration in Los Angeles County. On April 24, 2002, Ms. Saenz issued a response letter indicating that there is no additional funding available for any adjustments to our budget for CalWORKs Administration. In addition, she indicated that the California Department of Social Services is currently reviewing the County Welfare Directors' Association (CWDA) employment services proposal to address equity issues. The letter indicates, however, that CDSS can not make any decisions on the CWDA equity proposal until assessing the overall demands on the State's CalWORKs budget and the impact that the May Revise adjustments will have. We are currently evaluating Ms. Saenz' response.

On April 25, 2002, the Senate Budget Sub-Committee #3 on Health and Human Services responsible for CalWORKs adopted the CWDA CalWORKs employment services proposal for FY 2002/03.

##### CalWORKs Stage 1 Child Care

On April 3, 2002, the Assembly Budget Sub-committee voted to restore \$50 million projected savings from the Governor's Child Care Reform to Stage 1 child care.

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CalWORKs Stage 2 Child Care

On April 3, 2002, the Assembly Budget Sub-Committee #1 on Health and Human Services voted to restore \$133 million projected savings from the Governor's Child Care Reform to Stage 2 Child Care.

CalWORKs Stage 3 Set-Aside Child Care

On April 3, 2002, the Assembly Budget Sub-committee #1 directed a legislative staff workgroup to identify \$110 million in savings to continue the Stage 3 Set-Aside for former CalWORKs recipients.

**Federal Funding**

On April 9, 2002, House Republicans introduced two significant welfare reform bills. Wally Herger (R-CA), Chair of the Ways and Means, Human Resources Subcommittee introduced H.R. 4090, which is the primary House bill, and Buck McKeon (R-CA), Chair of the Education and the Workforce Subcommittee on 21<sup>st</sup> Century Competitiveness, introduced H.R. 4092, which reflects many of the work provisions in the Herger bill and adds major sections on child care and education. Both of these bills have been amended and approved by each of their respective subcommittees and full Committees and collectively reflect most of the Administration's key welfare reform policy priorities. H.R. 4090 includes funding proposals to: (1) maintain the current annual TANF block grant with no adjustments for inflation; (2) maintain the current State maintenance-of-effort (MOE) requirement; and (3) maintain the current interstate funding formula.

On April 15, 2002, the California Legislative Analyst's Office released an estimate that the TANF work requirements proposed by the Bush Administration, and which are largely intact in both H.R. 4090 and H.R. 4092, would cost California an additional \$2.8 billion over the next five years. \$1.7 billion of this amount is the cost of the additional child care services that would be necessary, but would not be funded by the Administration's proposal, H.R. 4090, or H.R. 4092 in their current forms. In a separate analysis, our Department (with concurrence from the CAO) estimated that the additional annual cost in Los Angeles County alone would be an estimated \$257 million, of which \$176.6 million would be the cost of additional child care. Attached for reference is the complete summary of the estimated annual impact of the Bush Administration's proposed work requirements on Los Angeles County. This is the identical impact analysis attached to the April 11, 2002 Federal Legislative update submitted by the CAO to your Board.

Although the Republican Majority in the House Ways and Means Committee (the House Committee with primary jurisdiction over TANF Reauthorization) rejected a Democratic amendment to H.R. 4090 that would have increased child care funding by \$11.25 billion over five years, Bill Thomas (R-CA), Chair of the House Ways and Means Committee, indicated he would support more money for child care when H.R. 4090 is formally prepared for the House floor by the House Rules Committee. Both H.R. 4090 and H.R. 4092 may be heard on the House floor as early as the week of May 13<sup>th</sup>.

As instructed by your Board on January 15, 2002, I will continue to provide you with additional monthly updates over the next three months. Please let me know if you have any questions or need additional information.

BY:ml

**Attachment**

c: Chief Administrative Officer  
County Counsel  
Auditor-Controller  
Executive Officer, Board of Supervisors

# TANF Work Requirements Bush Administration Proposal Estimated Annual Impacts on the CalWORKs Program in Los Angeles County

| Type of Activity   | Caseload/Program Impact   | Cost Increase   |
|--|---|-----------------|
| <b>Child Care</b>  | 24,000 more children will need child care.  | \$176.6 million |
| <b>Case Management and Assessment</b>  | Many additional participants will require assessments and intensive case management.                  | \$47.6 million  |
| <b>Welfare-to-Work</b>   |   |                 |
| <ul style="list-style-type: none"> <li>• <b>Participation in Unpaid Community Service</b></li> </ul> | 22,000 more adults must participate in unpaid community service activities.                           | \$10.3 million  |
| <ul style="list-style-type: none"> <li>• <b>Supportive Services</b></li> </ul>                       | More families will need other supportive services to successfully prepare for and sustain employment. | \$22.5 million  |
| <b>Total Increased Cost</b>  |   | \$257.0 million |

Note: These estimates are based on the best information which is currently available. They reflect full implementation of the Bush Administration's proposed changes to Temporary Assistance for Needy Families (TANF) work requirements. The caseload estimates are based on Los Angeles County's projected January 2003 aided adult caseload, which reflects the initial impact of the five-year lifetime limit on adult cash assistance. The annual cost estimates do not take into account the effects of inflation, which the U.S. Office of Management and Budget estimates will average about 2.3 percent per year during the five-year TANF reauthorization period.